GOVERNMENT OF INDIA
STEEL
LOK SABHA

STARRED QUESTION NO:314
ANSWERED ON:06.12.2007
REDUCTION IN REBATE ON SALE OF PRODUCTS BY SAIL
Singh Shri Suraj;Suman Shri Ramji Lal

Will the Minister of STEEL be pleased to state:

(a) whether the Steel Authority of India Limited (SAIL) has recently reduced the rate of rebate being given for the sale of products;

(b) if so, the details thereof alongwith the decrease in the rebate;

(c) whether prices of its products have increased due to reduction in the rebate;

(d) if so, the details thereof; and

(e) the number of times the prices of steel have been increased during the last six months in the country alongwith the details of the increase?

Answer

THE MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL(SHRI RAM VILAS PASWAN)

(a)to(e) : A Statement is laid on the Table of the Lok Sabha.

STATEMENT REFERRED TO IN REPLY TO PARTS (A) TO (E) OF THE LOK SABHA STARRED QUESTION NO.314 TO BE ANSWERED ON 6th DECEMBER, 2007 TABLED BY SHRI RAMJI LAL SUMAN AND SHRI SURAJ SINGH, MEMBERS OF PARLIAMENT REGARDING REDUCTION IN REBATE ON THE SALE OF PRODUCTS BY SAIL.

(a)&(b): Steel Authority of India Ltd. (SAIL) follows a system of having uniform ex-works price of different iron & mild steel products being produced at its 5 integrated steel plants and sold through its Central Marketing Organisation (CMO). Wherever required, the prices of iron & steel products are adjusted through a rebate mechanism to make its prices competitive in tune with the market situation and competitors` prices prevailing at various locations. During recent times, SAIL has both increased as well as reduced the rebates being given for its various products, depending on the market situation for the product which, in turn, is governed by various factors which inter-alia may include demand and supply, customer segment, competitors` prices, landed prices of imports, level of inventories, freight element, market situation for customers and products, etc. at any location. However, the details in this regard are being collected.

(c)to(e): The prices of SAIL`s iron & mild steel products at a particular location depend on a combination of its ex-works prices and rebates, if any, at that location for the concerned product. Consequently, mere reduction in rebates may or may not result in increase in prices. During the last 6 months (June-November 2007) the overall price movement indicates both increase and decrease in the price of various steel products. However, SAIL has increased the listed prices of steel only once. Domestic market prices for few representative steel items at 4 metros during last 6 months are given in the enclosed Annexure.